

# Case Law of the Unified Patent Court

## Part 1: Jurisdiction

On June 1, 2023, the unified patent court (UPC), which is set up to decide in particular on the infringement and validity of both Unitary Patents and classic European Patents, began to run. After one year the UPC has received a total number of 373 cases, among which 134 are infringement actions (source: Case load of the Court since start of operation in June 2023 - update end May 2024).

Since the UPC belongs to a totally new legal system, i.e. the unitary patent system, patent proprietors and their representatives would be very eager to know to what extent the experience acquired from other existing systems, e.g. from national patent courts, can be transferred to or at least considered as useful references for the UPC. There is no doubt that the decisions and orders of the UPC shall be a very insightful resource for this purpose.

Therefore, we plan to summarise the case law of the UPC in the first year in a series of articles, aiming at providing the readers with a comprehensive overview on the important practical problems that have been tackled by the UPC, which may help the readers figure out possible solutions if they encounter similar problems in the future.

### 1. International Jurisdiction

A question that is frequently asked by the defendants at the initial stage of a lawsuit is whether the corresponding court has the jurisdiction over the case. Since the UPC is a court common to the participating EU member states, the jurisdiction of the UPC is related in the first place to its international jurisdiction, as outlined below.

#### 1.1 General provisions

The Agreement on a Unified Patent Court (UPCA) does not separately define the international jurisdiction of the UPC, but simply refers to the Regulation (EU) No 1215/2012 (Brussels I Regulation) or, where applicable, to the Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (Lugano Convention) (Art. 31 UPCA).

The most relevant provisions of the Brussels I Regulation at the general level are Art. 71b (1) and (2). Art. 71b (1) rules the jurisdiction of a common court, which is a court common to several EU Member States and established by a specific instrument according to Art. 71a (1) of the Brussels I Regulation. The common court shall have jurisdiction where the courts of a Member State party to the instrument establishing the common court would have jurisdiction in a matter governed by that instrument. The UPC is a common court according to Art. 71a (2) (a) of the Brussels I Regulation.

Art. 71b (2) relates to the situation where the defendant is not domiciled in a Member State: if the Brussels I Regulation does not otherwise confer jurisdiction over him, Chapter II (titled “Jurisdiction”, i.e. generically applicable provisions on jurisdiction) shall apply as appropriate regardless of the defendant’s domicile; furthermore, application may be made to a common

court for provisional, including protective, measures even if the courts of a third State have jurisdiction as to the substance of the matter.

## **1.2 Specific provisions relevant for patent-related matter**

The Brussels I Regulations further includes specific provisions relevant for patent-related matter, among which Art. 24 (4) may find straightforward application. Said provision rules that in proceedings concerned with the registration or validity of patents, trademarks, designs, or other similar rights required to be deposited or registered, irrespective of whether the issue is raised by way of an action or as a defence, the courts of the Member State, in which the deposit or registration has been applied for, has taken place or is under the terms of an instrument of the Union or an international convention deemed to have taken place, shall have exclusive jurisdiction, regardless of the domicile of the parties.

Furthermore, Art. 24(4) also rules that without prejudice to the jurisdiction of the EPO under the European Patent Convention, the courts of each Member State shall have exclusive jurisdiction in proceedings concerned with the registration or validity of any European patent granted for that Member State.

The following provisions shall also play a role in patent infringement matter: Art. 4 rules that persons domiciled in a Member State shall, whatever their nationality, be sued in the courts of that Member State, and that persons who are not nationals of the Member State in which they are domiciled shall be governed by the rules of jurisdiction applicable to nationals of that Member State. This provision defines general jurisdiction of the courts of a Member State in respect of the nationality of the defendants.

Art. 7 tackles the situations where the courts in another Member State can have jurisdiction, among which Art.7(2) is of particular relevance: A person domiciled in a Member State may be sued in another Member State in matters relating to tort, delict or quasi-delict, in the courts for the place where the harmful event occurred or may occur. Since the patent infringement belongs to the above-mentioned matters and the alleged infringer may be domiciled in another Member State different from the Member State in which the infringement activity occurs, the courts in the latter Member State can have jurisdiction according to said provision, even though the alleged infringer is not domiciled in that Member State.

Finally, Art.63 Nr.1 prescribes the domicile of a legal person such as a company or an association of natural or legal persons: it is domiciled at the place where it has its statutory seat, central administration, or principal place of business.

## **2. Jurisdiction of the UPC divisions**

Furthermore, since the UPC comprises a central division and a plurality of local and regional divisions, the jurisdiction of a division of the UPC has been challenged in several cases. In this section we will focus on the relevant provisions of the UPCA and of the Rules of Procedure of the Unified Patent Court (RoP) and we will introduce concrete decisions and orders in the subsequent sections.

The competence of the UPC divisions of first instance is classified based on the nature of the actions as ruled in Art. 32(1) UPCA. An intentional choice of the division by the parties is

guaranteed by Art. 33(7) UPCA, which rules that on mutual agreement, actions except Art. 32 (1)(i) UPCA, i.e. actions concerning decisions of the European Patent Office in carrying out the tasks referred to in Article 9 of Regulation (EU) No 1257/2012, can be brought before the division of their choice, including the central division. On the other hand, the actions in Art. 32 (1)(i) UPCA shall be brought before the central division.

In the following we will introduce the competence of the UPC divisions without taking the parties' agreement into account.

## **2.1 Competence of the UPC divisions in infringement-related matters**

Actions related to infringements, i.e.

- actions for actual or threatened infringements of patents and supplementary protection certificates and related defences, including counterclaims concerning licences (Art. 32 (1)(a) UPCA),
- actions for provisional and protective measures and injunctions (Art. 32 (1)(c) UPCA),
- actions for damages or compensation derived from the provisional protection conferred by a published European patent application (Art. 32 (1)(f) UPCA), and
- actions relating to the use of the invention prior to the granting of the patent or to the right based on prior use of the invention (Art. 32 (1) (g) UPCA)

shall be brought before

- the local division hosted by the Contracting Member State where the actual or threatened infringement has occurred or may occur, or the regional division in which that Contracting Member State participates (Art. 33 (1) subpara. 1 (a) UPCA); or
- the local division hosted by the Contracting Member State where the defendant or, in the case of multiple defendants, one of the defendants has its residence, or principal place of business, or in the absence of residence or principal place of business, its place of business, or the regional division in which that Contracting Member State participates (Art. 33 (1) subpara. 1 (b) S. 1 UPCA).

It has to be emphasized that when an action is to be brought against multiple defendants, the defendants must have a commercial relationship and the action must relate to the same alleged infringement (Art. 33 (1) subpara. 1 (b) S. 2 UPCA). These requirements were concretized in a decision of the Paris Local Division concerning its jurisdiction, which will be introduced in the next section.

Actions for compensation for licences on the basis of Article 8 of Regulation (EU) No 1257/2012 shall be brought before the local or regional division in accordance with Art. 33 (1) subpara. 1 (b) UPCA (Art. 33 (1) subpara. 2 UPCA).

If the defendants have their residence, or principal place of business or, in the absence of residence or principal place of business, their place of business, outside the territory of the Contracting Member States, actions against them shall be brought before the local or regional division in accordance with Art. 33 (1) subpara. 1 (a) UPCA, i.e. the local division hosted by the Contracting Member State where the actual or threatened infringement has occurred or may

occur, or the regional division in which that Contracting Member State participates, or before the central division (Art. 33 (1) subpara. 3 UPCA).

If the Contracting Member State concerned does not host a local division and does not participate in a regional division, actions shall be brought before the central division (Art. 33 (1) subpara. 4 UPCA).

## **2.2 Competence of the UPC divisions in revocation and declaration of non-infringement**

The defendants in a patent infringement case can bring a counterclaim for revocation of the patent or an action for declaration of non-infringement of the patent. The actions for revocation and for declaration of non-infringement may also be brought even without the infringement suit. Art. 33(3) – (6) UPCA prescribe the competence of the UPC divisions under these circumstances.

A counterclaim for revocation may be brought before the same local or regional division, before which the corresponding action for infringement has been brought (Art. 33(3) UPCA). After having heard the parties, the local or regional division concerned shall have the discretion either to (Art. 33(3) UPCA):

- proceed with both the action for infringement and with the counterclaim for revocation and request the President of the Court of First Instance to allocate a technically qualified judge with qualifications and experience in the field of technology concerned.
- refer the counterclaim for revocation for decision to the central division and suspend or proceed with the action for infringement; or
- with the agreement of the parties, refer the case for decision to the central division.

The situations in respect of “pure” revocation and of declaration of non-infringement are closely related to whether an action for infringement has been brought before or is brought after those actions. Art. 33(4) S.1 UPCA rules that the revocation and declaration of non-infringement shall generally be brought before the central division. However, if an action for infringement between the same parties relating to the same patent has been brought before a local or a regional division, these actions may only be brought before the same local or regional division (Art. 33(4) S.2 UPCA). The Central Division in Paris has issued an order in which the meanings of “the same party” in the sense of Art. 33(4) UPCA are clarified. The details of this order will be discussed in the next section.

Furthermore, Art. 33(5) and (6) UPCA are related to the case where the action for infringement is brought after the action for revocation or for the non-infringement declaration. According to Art. 33(5) UPCA, if an action for revocation is pending before the central division, an action for infringement between the same parties relating to the same patent may be brought before any division in accordance with Art. 33(1) UPCA or before the central division; the local or regional division concerned shall also have the discretion in accordance with Art. 33(3) UPCA.

Art.33(6) UPCA prescribes the stay of a pending action for declaration of non-infringement before the central division: once an infringement action in the sense of Art. 32(1)(a) UPCA between the same parties or between the holder of an exclusive licence and the party requesting a declaration of non-infringement relating to the same patent is brought before a local or

regional division within three months of the date on which the action was initiated before the central division, the action for declaration of non-infringement shall be stayed.

### **2.3 Challenging the competence: Preliminary objection**

The jurisdiction and competence of the UPC as well as the competence of the division indicated by the claimant may be challenged by the defendant via lodging a Preliminary objection (R. 19.1 RoP). The Preliminary objection shall be lodged within one month of service of the statement of claim (R. 19.1 RoP), and the failure of a timely lodging shall be treated as a submission to the jurisdiction and competence of the Court and the competence of the division chosen by the claimant (R. 19.7 RoP).

R. 19.5 RoP rules how the claimant shall respond to the Preliminary objection: he shall be as soon as practicable invited by the Registry to comment on the Preliminary objection, and where applicable, he may of his own motion correct the deficiency regarding the competence of the division as he initially indicated, within 14 days of service of notification of the Preliminary objection. Alternatively, he may submit written comments within the same period. If the deficiency is corrected and the claimant has indicated another division, which is competent, the judge-rapporteur shall refer the action to the division indicated by the claimant.

It is very important for the defendant to keep in mind that the period for lodging the Statement of defence shall not be affected by the lodging of a Preliminary objection, unless the judge-rapporteur decides otherwise (R. 19.6 RoP).

The judge-rapporteur shall decide the Preliminary objection as soon as practicable after the expiry of the above-mentioned 14-day period (R. 20.1 RoP). The decision shall include instructions to the parties and to the Registry concerning the next step in the proceedings (R. 20.1 RoP). The Preliminary objection can be allowed, rejected, or dealt with in the main proceedings. The judge-rapporteur shall inform the parties when the Preliminary objection is to be dealt with in the main proceedings (R. 20.2 RoP).

The decision or order on a Preliminary objection may be appealed according to R. 21 RoP. If the decision allows the Preliminary objection, it may be appealed together with the final decision of the Court of First Instance (R. 21.1 in combination with R. 220.1(a) RoP). If the order rejects the Preliminary objection, it may be either the subject of an appeal together with the appeal against the decision or may be appealed with the leave of the Court of First Instance within 15 days of service of the Court's decision to that effect (R. 21.1 in combination with R. 220.2 RoP).

Finally, if an appeal is lodged, proceedings at first instance may be stayed by the judge-rapporteur or the Court of Appeal on a reasoned request by a party (R. 21.2 RoP).

### **3. ICPillar/ARM – meaning of “commercial relationship”**

In this decision of Paris Local Division, the applicability of Art. 33(1)(b) UPCA and the corresponding requirements were clearly specified. The Division also granted a leave to appeal.

#### **3.1 Summary of facts**

On 22 December 2023, ICPillar brought an infringement action before the Paris Local Division against 12 defendants, among which only Defendant 4 is domiciled in France. Furthermore, some of the other defendants are domiciled in the contracting member states (CMS), some in the EU but outside the CMS and others outside the EU.

Later Preliminary objections challenging the jurisdiction of the Paris Local Division were timely lodged by Defendants 2, 5, 6, 7 and 9, by Defendants 1, 3, 8 and 10, and by Defendant 12 respectively. After notifications of the Preliminary objections, ICPillar submitted written observations requesting the Preliminary objections to be rejected and its costs relating to those Preliminary objections to be taken into account in the course of the proceedings.

The main point of the arguments from the defendants was that Art. 33(1) subpar. 3 UPCA must apply and a commercial relationship with Defendant 4 should not be relevant. Some defendants also argued that their alleged infringement activities had not been proven.

### **3.2 The decision of the court**

#### **3.2.1 Two requirements to be met**

The court summarised that the present situation had been foreseen by Art. 33(1)(b) UPCA, i.e. a case of multiple defendants, one of which has its residence in France, regardless of whether the other defendants are based inside or outside the CMS or inside or outside the EU. Hence the only requirements to be met were:

- 1) the multiple defendants have a commercial relationship and
- 2) the action relates to the same alleged infringement.

#### **3.2.2 The first requirement**

Regarding the first requirement, the court ruled that the fact of belonging to the same group (of legal entities) and having related commercial activities aimed at the same purpose (such as R&D, manufacturing, sale and distribution of the same products) is sufficient to be considered as “a commercial relationship” within the meaning of Art. 33(1)(b) UPCA, in accordance with the approach adopted by Munich Local Division in a similar case.

In the present case, Defendant 1 is the parent company, is the administrator of the ARM website, and is identified in the legal notice as the copyright holder for itself and its affiliates. Furthermore, according to the ARM Limited annual report, all the other defendants except Defendant 12 are members of the same ARM Group and are 100% owned subsidiaries of Defendant 1.

Defendant 12 had been part of the ARM Group (100%) until 2018 and has retained 25% of the shares in Defendant 1 until August 2023. Furthermore, the allegedly infringing products had been developed by ARM Group in 2018. The UPC has thus jurisdiction over the infringement acts that began before June 1, 2023 and continued after this date and that are not covered by the period of limitations, based on Art. 3(c), 32(1)(a) and 72 UPCA.

The court thus concluded that the link between all the defendants is sufficient to establish the existence of a commercial relationship of a certain quality and quantity and that the first requirement is met.

### **3.2.3 The second requirement**

Regarding the second requirement, the court judged that the ARM website, which is accessible and visible in France, presented the alleged infringing products with an offer to buy online. The website further refers to another webpage “Contacts for sales and supports” in Great Britain (seats of Defendant 1, 3, and 10), in Germany (seat of Defendant 5), in France (seat of Defendant 4), in Ireland (seat of Defendant 7), in Slovenia (seat of Defendant 6), and in Sweden (seat of Defendant 9).

Although Defendant 8 domiciled in Poland is not mentioned as a contact for sale and support, it is an affiliate company 100% held by Defendant 1, and is in charge in the EU of R&D for certain products.

The court further judged that the lack of proof of the reality of the infringement alleged by the defendants and the involvement of each of the defendants in the acts of infringement would be examined in the course of the main proceedings. As regards the question of jurisdiction, the claimant had sufficiently demonstrated that its claim concerns the same alleged facts of infringement against all the defendants in the present case.

Therefore, the court concluded that the second requirement is also met.

### **3.3 The court’s order**

The court decided that the internal jurisdiction of the Paris Local Division under Art. 33(1)(b) UPCA is justified, and ordered that the preliminary objections were dismissed. The costs would be taken into account in the main proceedings.

## **4. Edwards Lifesciences/Meril Italy Srl – meaning of “the same parties”**

This decision relates to clarification of the meaning of “the same parties” in Art. 33(4) UPCA.

### **4.1 Summary of facts**

On August 4, 2023, Meril Italy Srl brought a revocation action against Edwards Lifesciences before the Central Division of the Court of First Instance of the UPC.

On September 14, 2023, Edwards Lifesciences lodged a Preliminary objection challenging the competence of the Central Division on the ground of Art. 33(2) UPCA as an infringement action between the same parties on the same patent was already pending before the Munich Local Division of the UPC. The defendants in the infringement action are Meril Life Sciences Ltd in India, which is the parent company of Meril Italy Srl, and Meril GmbH in Germany, which is a subsidiary of Meril Life Sciences Ltd.

### **4.2 Grounds for the decision**

It is evident that both the revocation action and the infringement action are related to the same patent. The key question is therefore whether the above-mentioned three Meril companies are considered “same parties” in the sense of Art. 33(4) UPCA.

#### **4.2.1 The literal interpretation**

The court firstly adopted a literal interpretation of the meaning of “parties”. It was of the opinion that although Art. 46 and Art. 47(6) UPCA aim at indicating who has legal capacity to be a party and who can file an action, they enable to assume that a party is any legal or natural person or any body and the related assessment has to be carried out in accordance with its national law. Therefore, Italian national law has to apply when assessing whether Meril Italy Srl is a different party from Meril Life Sciences Ltd and/or Meril GmbH.

By applying the relevant Italian national law, the court came to the conclusion that Meril Italy Srl cannot be considered as the same party as Meril Life Sciences Ltd and/or Meril GmbH from a literal point of view.

#### **4.2.2 Arguments based on “straw company” theory**

Edwards Lifesciences also brought up another argument that Meril Italy Srl is a straw company and, as such, it could not be considered as an independent legal entity and its actions could be attributed to the parent company.

This argument is based on the following facts: a) Meril Italy Srl is a fully-owned subsidiary of Meril Life Sciences Ltd; b) its directors have worked or have been working (also) for the parent company; c) its only officers/employees are also employees of the parent company; d) it does not have an independent office in Italy and does not run any sort of business; e) it was registered in March 2023.

The court judged that the assessment of “straw company” requires a legal activity that appears as related to a first entity and the agreement that the relative effects will be produced in respect of a different entity. Direct evidence of the conclusion of such an agreement is not required; serious and concordant indications of the existence of this agreement would be sufficient.

Regarding facts a)-c), the court was of the opinion that they do not constitute serious and concordant indications of the existence of such an agreement. Furthermore, fact d) was justified because of fact e), i.e. the company had been incorporated recently and the organisation of its activity was still in a preparatory phase.

Consequently, the court concluded that there is no sufficient evidence that Meril Italy Srl is a straw company for Meril Life Sciences Ltd.

#### **4.2.3 Arguments based on the uniform administration of justice**

Edwards Lifesciences further argued that if the Preliminary objection were rejected, its patent would be attacked by the Meril companies twice, i.e. in the revocation lodged by Meril Italy Srl and the (potential) counterclaim for revocation lodged by Meril Life Sciences Ltd and Meril GmbH in the infringement action, which would constitute an inadmissible way to circumvent the provision of Art. 33 UPCA.



The court ruled that Art. 33(3) UPCA shall apply to the situation above, i.e. the local division may refer the counterclaim for revocation for decision to the central division and suspend or proceed with the action for infringement or with the agreement of the parties, refer the case for decision to the central division (actually this is what the Munich Local Division did). Therefore, the lodging of similar revocation actions by the alleged infringers, and the lodging of a revocation action by another entity that has not been sued for infringing the patent concerned but is linked with the alleged infringers, do not constitute per se an abuse of the UPC framework.

#### **4.3 The court's order**

Consequently, the request for the Preliminary objection was rejected.

#### **5. Summary**

As presented in Section 2 above, the UPCA and the RoP have provided systematic provisions that govern the jurisdiction of the UPC Divisions. However, the jurisdiction of a particular Division has been sometimes challenged in practice, especially when a plurality of entities, e.g. subsidiaries of the same parent company, are sued in infringement actions.

Two representative decisions have been selected to illustrate how the UPC Divisions have tackled this issue. In the ICPillar/ARM case, only one defendant (a subsidiary) is domiciled in the territory in which the UPC Division concerned is located, while the other defendants are either the parent company or other subsidiaries domiciled in the CMS, in the EU but outside the CMS or outside the EU. The court ruled that in this case Art. 33(1)(b) UPCA shall apply, provided that the multiple defendants have a commercial relationship and the action relates to the same alleged infringement. The commercial relationship between the defendants was confirmed mainly based on the annual report of the parent company, while the action relating to the same alleged infringement was judged, for determination of jurisdiction, based on the website of the parent company that is accessible in the territory where the UPC Division located and on which the subsidiaries that can be contacted to buy the alleged infringing product are listed.

Therefore, if a subsidiary is sued together with the parent company and/or other subsidiaries in an infringement action, it may not be possible for it to challenge the jurisdiction of the UPC Division, although it is domiciled outside the CMS or even outside the EU, when its commercial relationship with the others can be established e.g. by the annual report of the parent company and its alleged infringement action in respect of the same patent, e.g. its offer to buy the alleged infringing product online can be found on the website of the parent company and is accessible in the territory in which the UPC Division concerned is located.

The Lifesciences/Meril Italy Srl decision relates to the meaning of “the same parties” in Art. 33(4) UPCA. According to said decision, the concept of “party” shall be interpreted under the relevant national law, and one subsidiary may not be considered “the same party” as its parent company and/or other subsidiaries if the national law does not provide that. Furthermore, it is permissible to lodge a revocation action by a subsidiary with the Central Division, while an infringement action against the parent company of said subsidiary and/or other subsidiaries is pending before a Local Division, in which action counterclaim for revocation can be filed by the alleged infringing parties. The patent proprietor does not however have to worry about “two

shots” regarding the revocation actions brought by different parties, as the Local Division will refer the counterclaim for revocation to the central division.

If future case law follows the Lifesciences/Meril Italy Srl decision, founding a subsidiary in Italy may be a way to direct a revocation action from a Local Division to the Central Division. This seems to be contrary to the original intention of Art. 33(3) UPCA according to which the Local Division has the discretion to decide about transferring the case to the Central Division or not.